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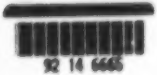

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

S92-2230

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the Quarterly Period Ended March 31, 1992
Commission file number 1-9077

BEST COPY
AVAILABLE

ZENITH LABORATORIES, INC.
(Exact name of registrant as specified in its charter)

New Jersey	22-1585559
(State or other jurisdiction of incorporation organization)	(I.R.S. employer identification number)

140 Legrand Avenue, Northvale, New Jersey 07647
(Address of principal executive offices) (Zip Code)

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PROCESSED BY
MAY 18 1992

201-767-1700
(Registrant's telephone number, including area code)

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N.A.
(Former name, former address, former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes X No _____

As of April 30, 1992 the Registrant had 4,543,986 shares of Common Stock, no par value, outstanding.

PART I. Financial Information
ITEM I. Financial Statements

ZENITH LABORATORIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets as at
March 31, 1992 and December 31, 1991
($000 Except Share Data)

	3/31/92 (Unaudited)	12/31/91
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,808	$ 8,057
Accounts receivable, trade, less allowances for doubtful receivables, and sales returns and allowances of $2,038,000 for 1992 and $2,829,000 for 1991.	6,966	9,074
Inventories	12,425	10,933
Other current assets	346	313
Total current assets	26,545	28,377
Property, plant and equipment, net	17,416	15,700
Other assets	276	299
Total assets	$44,237	$44,376
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 2,624	$ 2,318
Accounts payable, trade	3,416	2,431
Accrued expenses	2,072	2,422
Total current liabilities	8,112	7,171
Capitalized lease obligation	1,832	112
Long-term debt	3,146	3,476
	4,978	3,588
Total liabilities	13,090	10,759
Stockholders' equity		
Preferred stock, par value $133.33 a share; authorized 45,000 shares, issued and outstanding 44,625.24 shares in 1992 and 1991.	5,950	5,950
Common stock, no par value; authorized 19,955,000 shares; issued and outstanding 4,554,192 and 4,479,192 in 1992 and 1991.		
Additional paid-in capital	33,315	33,074
Retained deficit	(8,118)	(5,407)
Total stockholders' equity	31,147	33,617
Total liabilities and stockholders' equity	$44,237	$44,376

See Notes to Consolidated Financial Statements

ZENITH LABORATORIES, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
For the Three Months Ended March 31, 1992 and 1991
(Unaudited)
($000 Except Per Share Data)

	1992	1991
Net Sales	$11,517	$15,167
Costs of sales	9,781	10,057
Gross profit	1,736	5,110
Selling, shipping and administrative expenses	2,722	2,623
Research & Development costs	1,652	1,408
Income (Loss) from operations	(2,638)	1,079
Interest income	68	1
Interest expense	(149)	(363)
Other income (expense), net	23	(81)
Income (Loss) before provision for income taxes and extraordinary item	(2,696)	636
Provision for income taxes before extraordinary item	(15)	(26)
Income (Loss) before extraordinary item	(2,711)	610
Extraordinary item: Reduction of income taxes arising from carryforward of prior years operating losses		23
Net income (loss)	($2,711)	$ 633
Primary and fully dilutive earnings per common share:		
Income (Loss) before extraordinary item per share	($ .63)	$ .11
Net income (loss)	($ .63)	$ .11
Weighted average number of shares outstanding	4,564,444	5,487,975

See Notes to Consolidated Financial Statements

ZENITH LABORATORIES, INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity
For the Three Months Ended March 31, 1992
(Unaudited)
($000)

	Common Stock Shares	Preferred Stock	Additional Paid-In Capital	Retained Deficit	Total Stock holders' Equity
Balance January 1, 1992	4,479	$5,950	$33,074	($5,407)	$33,617
Exercise of Options	75		218		218
Common Share Grants			23		23
Net loss for the three months ended March 31, 1992				(2,711)	(2,711)
Balance, March 31, 1992	4,554	$5,950	$33,315	($8,118)	$31,147

See Notes to Consolidated Financial Statements

ZENITH LABORATORIES, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
For the Three Months Ended March 31, 1992 and 1991
(Unaudited)
($000)

	1992	1991
Cash flows from operating activities:		
Net income (loss)	($2,711)	$ 633
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Depreciation and amortization	602	476
Provision for inventory write-offs	816	496
Provision for stock grants	23	23
(Decrease) Increase in accrued expenses	(350)	315
Increase (Decrease) in accounts payable	985	(732)
(Increase) Decrease in other current assets	(33)	182
Decrease in other assets	23	22
(Increase) Decrease in inventory	(2,308)	35
Decrease in accounts receivable	2,108	3,007
Net cash (used for) provided by operating activities	(845)	4,457
Cash flows from investing activities:		
Capital expenditures	(539)	(970)
Dispositions of property, plant & equipment	123	181
Net cash used for investing activities	(416)	(789)
Cash flows from financing activities:		
Proceeds from the issuance of debt		9,565
Payments of debt	(206)	(12,599)
Exercise of options	218	
Net cash provided by (used for) financing activities	12	(3,034)
Net (decrease) increase in cash and cash equivalents	(1,249)	634
Cash and cash equivalents at beginning of period	8,057	417
Cash and cash equivalents at March 31	$6,808	$1,051
Supplemental cash flow information		
Cash paid during the year for:		
Interest	$ 112	$ 384

See Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) The accompanying consolidated financial statements, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) which are necessary to present fairly the results of operations for the interim periods after elimination of all intercompany items and transactions.

(b) Inventories are stated at the lower of cost (on a first-in, first-out basis) or market. Market is based on replacement cost for raw materials and estimated net realizable amounts for finished goods.

(c) Primary earnings per common share are computed by dividing net income (loss) by the weighted average number of shares and share equivalents outstanding during the year. Convertible preferred stock, stock options and warrants are considered common stock equivalents to the extent conversion would not be anti-dilutive.

(d) For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash equivalents are stated at cost which approximate market.

2. INVENTORIES:

Inventories consist of:

(Thousands of Dollars)	3/31/92	12/31/91
Raw materials	$5,194	$ 5,144
Work in process	1,936	869
Finished goods (packaged and bulk)	5,295	4,920
	$12,425	$10,933

At March 31, 1992 and December 31, 1991, the allowance for write-down to net realizable value was $1,400,000 and $900,000, respectively.

3. LEASE:

On February 14, 1992 the Company amended the lease on its facility in Northvale, New Jersey. Among other things, the amendment extends the lease term on the facility from December 31, 1994 to January 31, 1999. Annual rentals have been increased from $98,000 to $243,000 effective January 1, 1992 and to $454,000 effective February 1, 1994. These increases include the cost of capital improvements being provided by the lessor.

Both the original and amended leases are recorded as capital leases. As a result, property, plant and equipment and long-term debt (including current portion) have been adjusted to reflect the difference between the present value of the future minimum lease payments under the original and amended lease agreements. This represented a non-cash investing and financing transaction which amounted to approximately $1,799,000 and $1,902,000, respectively.

4. SHORT-TERM DEBT:

Revolving Credit:

The Company entered into a $10,000,000 revolving credit agreement in December 1990 which expires in June 1994. At March 31, 1992, the revolving credit line had no outstanding balance. Outstanding balances under this agreement bear interest at a rate equal to one and three-quarters (1 3/4%) in excess of the lender's prime rate (6.5% at March 31, 1992). Borrowings under the revolving credit agreement are collateralized by the lender's first lien on accounts receivable and inventory and second liens on equipment and other fixed assets and real property owned by the Company.

The Company did not meet its tangible net worth covenant for the periods ending February 29 and March 31, 1992 and has received a waiver from the lender for these periods. The Company anticipates it will need the revolving credit line to finance operations and required debt repayments of $2,318,000 during the second half of 1992. The Company does not anticipate that it will be able to comply with the tangible net worth and certain other financial ratio debt covenants during various periods of 1992 without a further modification or waiver of such covenants. The Company is currently in discussions with the lender concerning a modification of such covenants. The revolving credit lender, at its discretion, has provided funds when needed. There can be no assurance that the lender will continue to provide funding or waive these covenants.

5. ACCRUED EXPENSES:

Accrued expenses consist of:

(Thousands of Dollars)	3/31/92	12/31/91
Interest	$ 10	$ 15
Salaries and wages	882	625
Professional fees	140	235
Contract accrual		260
Other	1,040	1,287
	$ 2,072	$ 2,422

6. EARNINGS PER SHARE:

Primary earnings per share are determined by dividing net income (loss) by the weighted average of common shares and common share equivalents outstanding. Fully diluted earnings per common share is not shown for the periods ended March 31, 1992 and 1991 because the calculation resulted in a dilution of less than 3%. The following table presents the information needed to compute primary earnings per share.

Primary earnings per share:	(In thousands, except share data) 1992	1991
Period ended March 31		
Income (Loss) before extraordinary item	($2,711)	$610
Extraordinary item		23
Preferred Dividends	(149)	(a)
Net income (loss) available to common shares	($2,860)	$ 633
Weighted average shares of common stock outstanding, warrants exercisable at no cost and stock grants	4,564,444	2,938,194
Convertible preferred stock	(b)	2,052,983
Options and other warrants	(b)	496,798
Adjusted weighted average shares	4,564,444	5,487,975
Primary earnings per share	($.63)	$.11

(a) Preferred dividends were not deducted from income because the preferred stock is considered a common share equivalent for which conversion would be dilutive.

(b) Preferred stock and options are not considered common stock equivalents since they would be anti-dilutive.

7. COMMITMENTS AND CONTINGENCIES:

Bristol Litigation:

On July 10, 1989, Bristol-Myers Co. filed a complaint against the Company and others in the United States District Court for the District of New Jersey. Bristol-Myers Co. vs Zenith Laboratories, Inc., Interchem Corporation, and Dobofar Industria Chimica Farmaceutica, S.p.A., Civ. No. 89-2880 (DRB) (D.N.J.). Bristol-Myers alleged that sales of a cefadroxil product, which the Company commenced selling in July of 1989, infringed U.S. Patent No. 4,504,657, which Bristol-Myers owns.

On March 27, 1990, Bristol-Myers-Squibb and the Company entered into a stipulation and agreement of settlement and compromise that resolved Civil Action No. 89-2280. The agreement provides, among other things that the Company cease all manufacture and sale of the cefadroxil product covered under the agreement and pay Bristol-Myers $1,200,000 over a three-year period, which amount is to be offset with credits for inventory and returned product. To date, the Company has satisfied $700,000 of its obligation to Bristol-Myers.

In June 1991, Bristol-Myers commenced an action against the raw materials supplier of a comparable new cefadroxil product, alleging that the new product also infringes the patent. On August 6, 1991, the Company filed a complaint against Bristol-Myers seeking, among other things, a declaration that the new product does not infringe the patent, an order enjoining Bristol-Myers from asserting claims of infringement against the Company, its customers or suppliers based on the new product, and damages. On February 21, 1992 , the court entered a summary judgement declaring that the new product does not infringe the patent.

On April 13, 1992, the court granted Bristol-Myers' motion for reconsideration, vacated the summary judgement, and scheduled a trial on the issue of infringement for May 26, 1992.

On April 21, 1992, the Company received FDA approval for the comparable new cefadroxil product. The approval clears the way for the Company to market the product, subject to the Company's finalizing a supply agreement with its raw materials supplier and the resolution of the patent litigation with Bristol-Myers in a manner favorable to the Company.

FDA Inspection:

On November 8, 1991, the Justice Department filed with the United States District Court for the District of New Jersey a complaint seeking to enjoin the Company's operations at its Northvale facility. The complaint alleged that the drug products manufactured at the facility are not produced in conformity with the FDA's regulations defining Current Good Manufacturing Practices. On April 16, 1992, the Company entered into a consent decree resolving the complaint. The consent decree permits Zenith to continue its operations at Northvale. It provides that, within 14 working days after entry of the decree by the District Court, the FDA will conduct an inspection of the Company's operations at the Northvale facility lasting no more than 30 working days. Such inspection by the FDA commenced on April 30, 1992. At the conclusion of the inspection, the FDA will notify Zenith formally that it is in substantial compliance with FDA Regulations if no deficiencies are identified. If a deficiency is identified, the FDA may notify Zenith that the product or products in question should not be manufactured until a correction is completed to the FDA's satisfaction.

Following an FDA inspection at its facility in the U.S. Virgin Islands, the Company's subsidiary, Pralex Corporation, received a Form FDA 483 Notice of Inspectional Observations, and an FDA warning letter concerning cephradine. The Company ceased manufacture of cephradine and recalled the product. The Company submitted to the FDA responses to the Form FDA 483 and warning letter, and the FDA subsequently accepted the responses, noting that the effectiveness and implementation of the corrective actions would have to be evaluated in future inspections. The FDA completed another inspection of the facility on February 28, 1992. The Company believes it has brought the facility into compliance with CGMP requirements.

Pending ANDAs with the FDA specify the Company's facilities located in Puerto Rico or St. Croix, Virgin Islands as the locations where the relevant drugs will be manufactured and the Company has decided to manufacture these new products exclusively at its Puerto Rico and St. Croix facilities.

Conjugated Estrogens:

On February 13, 1990, the Food and Drug Administration announced that it was proposing to withdraw the approval of abbreviated new drug applications ("ANDAs") for certain oral drug products that contain conjugated estrogens. The FDA's decision was assertedly based on new information and tests by new methods that are said to show demonstrated and potential differences in the rate or extent of absorption between the patented drug and generic versions approved under the ANDAs.

On March 25, 1991 the Company ceased manufacture and distribution of conjugated estrogens and has recalled all such product. In the first quarter of 1991 the Company sold $3,400,000 of conjugated estrogens at a gross margin of 65%. The Company intends to develop and apply for FDA approval of a new formulation of conjugated estrogens.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Liquidity

The Company had cash of $6,808,000 at March 31, 1992 as compared to $8,057,000 at December 31, 1991. Cash flow used for operations for the three months ended March 31, 1992 was ($845,000) which was primarily the result of a net loss of ($2,711,000), non-cash charges of $1,441,000, and an increase in liabilities of $635,000, offset by an increase in assets (primarily representing an increase in inventory of $2,308,000 offset by a decline in accounts receivable of $2,108,000) of $210,000.

On September 4, 1991, the Company completed a public offering of 1.5 million newly issued shares of common stock at a price of $11.25 per share. Net proceeds to the Company were $15,391,000. Of this amount $5,000,000 was used to repay long-term debt and $911,000 was used to pay preferred dividends. The Company intends to apply the remaining proceeds to fund research and development expenditures and other general corporate purposes.

In December 1990, the Company entered into a $10,000,000 revolving credit facility and the lender has a first lien on the Company's accounts receivable and inventory and a second lien on the remainder of the Company's property. The loan balance fluctuates based on the cash requirements of the Company. As of March 31, 1992 the revolving credit line had no outstanding balance. However, the Company did not meet their tangible net worth covenant for the periods ending February 29 and March 31, 1992 and has received a waiver from the lender for these periods. The Company anticipates it will need the revolving credit line to finance operations and required debt repayments of $2,318,000 during the second half of 1992. The Company does not anticipate that it will be able to comply with the tangible net worth and certain other financial ratio debt covenants during various periods of 1992 without a further modification or waiver of such covenants. The Company is currently in discussions with the lender concerning a modification of such covenants. The revolving credit lender, at its discretion, has provided funds when needed. There can be no assurance that the lender will continue to provide funding or waive these covenants.

Capital Resources

Sales during the first three months of 1992 were negatively impacted by the Company's certification and validation activities at its Northvale facility. During the same period, the Company's backorders at the Northvale facility increased $1,500,000. As a percentage of sales, the Company's capacity utilization at its Northvale facility was approximately 21%. Had the Company been able to ship to customer order demand levels, the utilization would have been significantly higher. The Company's capacity utilization of its Puerto Rico facility was 65%. On a combined basis, the Company's capacity utilization was approximately 34% for the period ending March 31, 1992.

The Company increased its capital assets by approximately $2,441,000 during the first three months of 1992, which includes approximately $1,799,000 for a capital lease extension at its Northvale facility as discussed in Footnote 3. The balance of the expenditures were primarily for the manufacturing facilities. The revolving line of credit restricts the Company through loan covenants from purchasing capital assets in excess of $5,000,000 for 1992.

Results of Operations - First Quarter 1992 vs First Quarter 1991

Net sales and gross profit for the three months ended March 31, 1992 were $11,517,000 and $1,736,000 as compared to $15,167,000 and $5,110,000 for the same period in 1991. The decrease in net sales is attributable to the Company's certification and validation activities at its Northvale facility and to the loss of conjugated estrogens as of March 25, 1991. The decline was partially offset by the sales of triamterene launched in September 1991. The Company anticipates it will be able to reduce substantially its backlog, which has increased by approximately $1,500,000 during the first quarter, upon completion of the certification and validation process, which is scheduled for the second quarter.

The Company recorded net sales listed by therapeutic categories, expressed as a percent of total sales, for the three months ended March 31, 1992 and 1991, respectively, as follows:

Drugs for the Treatment of Endocrine Disorders; 2% and 24%
Cardiovascular Drugs; 22% and 8%
Central Nervous System (CNS) Drugs; 48% and 36%
Analgesic/Anti-Inflamatory Drugs; 5% and 4%
Anti-Infective Drugs; 21% and 26%
All Others; 2% and 2%

On March 25, 1991 the Company ceased manufacture and distribution of conjugated estrogens and has recalled all such product. In the first quarter of 1991 the Company sold $3,400,000 of conjugated estrogens at a gross margin of 65%. The Company is pursuing the development and application for FDA approval of a new formulation of conjugated estrogens.

On April 21, 1992, the Company received FDA approval for the product cefadroxil. The approval clears the way for the Company to market the product, subject to the Company's finalizing a supply agreement with its raw material source and to the resolution of the patent litigation with Bristol-Myers in a manner favorable to the Company.

Due to the certification and validation process, the Company incurred additional overhead expenses and produced less product than orders received. As a result, certain fixed overhead expenses were not absorbed. Therefore, gross profit as a percent of sales was 15% in 1992 as compared to 34% in 1991. The reduction of gross profit was also attributable to the loss of conjugated estrogens as of March 25, 1991 partially offset by the sales of triamterene which was launched in September 1991.

Selling, shipping and administrative expenses for the three months ended March 31, 1992 and 1991 are $2,722,000 (24% of net sales) and $2,623,000 (17% of net sales), respectively. The increase in expenses is attributable to increased personnel costs, legal and freight expenses, offset by decreased consulting fees and expenses.

The increase in research and development expenses of $244,000 to $1,652,000 for the three months ended March 31, 1992 as compared to $1,408,000 for the same period in the prior year is attributable to increased manpower levels, offset by a decrease in consulting fees for the comparable period. The Company plans to continue the current level of research and development expenditures for the remainder of the year.

Interest expense decreased from $363,000 to $149,000 due to decreased levels of borrowing and lower rates in the three months ending March 31, 1992 compared to the same period in the prior year.

PART II. Other Information

ITEM 1. LEGAL PROCEEDINGS

Shareholder Litigation

Between August 15 and October 23, 1986, the Company received eight summonses and complaints in actions filed in the U.S. District Court for the District of New Jersey. These actions were filed as class actions against the Company and various officers and directors by purchasers of Company common stock during various overlapping periods of time between October 22, 1985 and September 5, 1986. One case was purportedly filed as a class action on behalf of persons who purchased or sold options in Zenith common stock between March 14, 1986 and July 14, 1986.

The eight separate actions were consolidated for pretrial proceedings, and, pursuant to court order, plaintiffs served a consolidated amended complaint on January 6, 1987 covering seven of the actions. A ninth action was filed on December 23, 1986. The complaints identify as defendants the Company, certain former officers and directors, and one director who has continued in office.

Pursuant to the Plan of Reorganization, the Company paid $50,000 on the Consummation Date to settle the claims of the plaintiffs in the shareholder actions. On July 19, 1990, the District Court entered an agreed order dismissing the shareholder actions against the Company.

In addition to the $50,000 payment, pursuant to the Plan of Reorganization, a stay of proceedings against the co-defendants in the shareholder actions issued by the Bankruptcy Court on January 23, 1989 was terminated automatically on October 3, 1989, the date of confirmation of the Plan of Reorganization. The Company will no longer be a party to the shareholder actions, but will provide witnesses for deposition without subpoena and will respond to request for production of documents without subpoena, subject to all such objections, rights, and privileges, as the Company may otherwise have.

Although the Plan of Reorganization discharges all claims asserted in the actions as to the Company, most of the former officers and directors named as individual defendants have filed contingent and unliquidated claims for indemnification related to the securities litigation actions. The Company has objected to each such claim.

Commercial Litigation

Bristol-Myers Action. On July 10, 1989, Bristol-Myers Co. filed a complaint against the Company and others in the United States District Court for the District of New Jersey. Bristol-Myers Co. vs Zenith Laboratories, Inc., Interchem Corporation, and Dobofar Industria Chimica Farmaceutica, S.p.A., Civ. No. 89-2880 (DRB) (D.N.J.). Bristol-Myers alleged that sales of a cefadroxil product, which the Company commenced selling in July of 1989, infringed U.S. Patent No. 4,504,657, which Bristol-Myers owns.

On March 27, 1990, Bristol-Myers-Squibb and the Company entered into a stipulation and agreement of settlement and compromise that resolved Civil Action No. 89-2280. The agreement provides, among other things, that the

Company cease all manufacture and sale of the cefadroxil product covered under the agreement and pay Bristol-Myers $1,200,000 over a three-year period, which amount is to be offset with credits for inventory and returned product. The cefadroxil product covered by the agreement accounted for approximately 8% of the Company's gross revenues in 1990 and 13% in 1989. To date, the Company has satisfied $700,000 of its obligation to Bristol-Myers.

In June 1991, Bristol-Myers commenced an action against the raw materials supplier of a comparable new cefadroxil product, alleging that the new product also infringes the patent. On August 6, 1991, the Company filed a complaint against Bristol-Myers seeking, among other things, a declaration that the new product does not infringe the patent, an order enjoining Bristol-Myers from asserting claims of infringement against the Company, its customers or suppliers based on the new product, and damages. On February 21, 1992, the court entered a summary judgement declaring that the new product does not infringe the patent.

On April 13, 1992, the court granted Bristol-Myers' motion for reconsideration, vacated the summary judgement, and scheduled a trial on the issue of infringement for May 26, 1992.

Farber Action. On January 31, 1991, Dr. John J. Farber, a former officer and director of the Company, commenced an action against the Company in the United States District Court for the Southern District of New York seeking indemnification under the Company's By-Laws and the New Jersey Business Corporation Act for $84,075.09 in expenses allegedly incurred in connection with an SEC investigation of trading in Zenith securities. On February 25, 1991, the Company filed a motion to dismiss the complaint for lack of personal jurisdiction. The motion was denied by order dated October 16, 1991. The Company answered the complaint on October 28, 1991. Dr. Farber has agreed orally to settle his claim for $20,000. Settlement papers are being prepared.

FDA Injunctive Proceeding. On November 8, 1991, the Justice Department filed with the United States District Court, for the District of New Jersey a complaint seeking to enjoin the Company's operations at its Northvale facility. The complaint alleged that the drug products manufactured at the facility are not produced in conformity with the FDA's regulations defining Current Good Manufacturing Practices. On April 16, 1992, the Company entered into a consent decree resolving the complaint. The consent decree permits Zenith to continue its operations at Northvale. It provides that, within 14 working days after entry of the decree by the District Court, the FDA will conduct an inspection of the Company's operations at Northvale lasting no more than 30 working days. Such inspection by the FDA commenced on April 30, 1992. At the conclusion of the inspection, the FDA will notify Zenith formally that it is in substantial compliance with FDA Regulations if no deficiencies are identified. If a deficiency is identified, the FDA may notify Zenith that the product or products in question should not be manufactured until a correction is completed to FDA's satisfaction.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ZENITH LABORATORIES, INC.

Date: May 14, 1992

JOHN H. KLEIN
President and
Chief Executive Officer

Date: May 14, 1992

RICHARD H. FRIEDMAN
Vice President-Finance and
Chief Financial Officer